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Approve 00240001-5 SUMMARY 25X1A FAR EAST SOUTHEAST ASIA NEAR EAST - AFRICA Mossadeq asks US to train Iranian naval officers in exchange for oil (page 5). Prime Minister charges the United States with responsibility for Iran's fate (page 6). British Foreign Office wants immediate approach to Iraq on 5. MEDO (page 6). WESTERN EUROPE Embassy fears "serious incident" in French-American relations 6. over labor union issues (page 7). 25X1A

- 2 -25X1A

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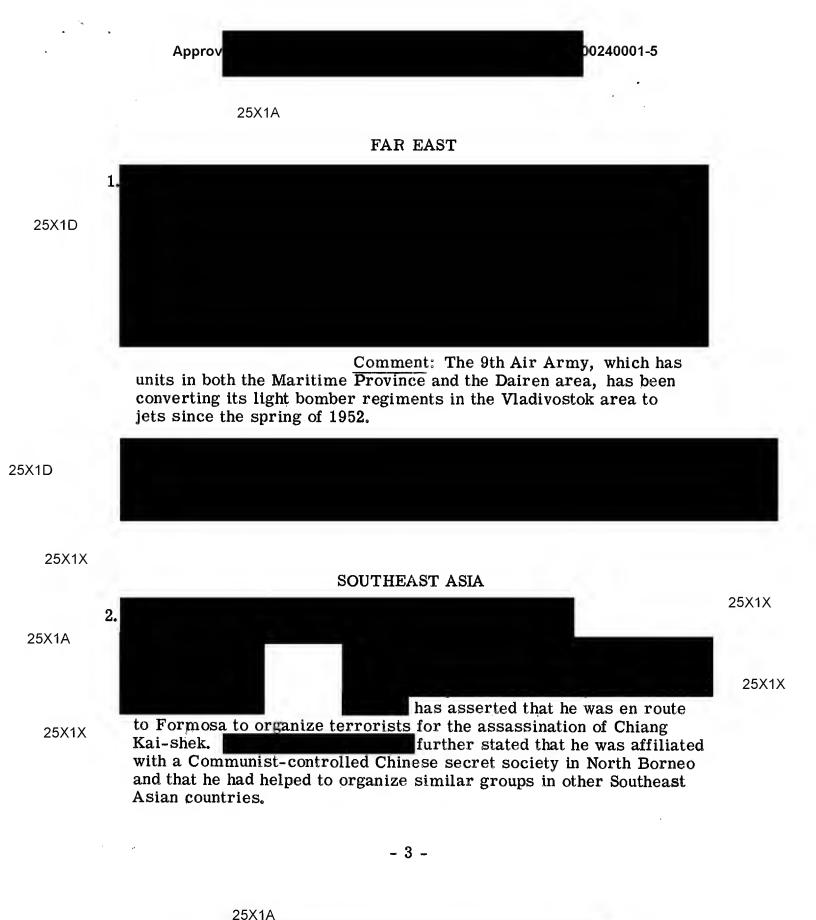
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Comment: Although both Indonesian and Philippine authorities have been concerned over the infiltration of Chinese Communist agents, such arrests are very rare.

The Chinese Nationalists have periodically executed groups of alleged Communist agents, some of whom had come to Formosa from the mainland.

NEAR EAST - AFRICA

3. Mossadeq asks US to train Iranian naval officers in exchange for oil:

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Prime Minister Mossadeq asked Ambassador Henderson on 5 November if the United States would complete the training of 24 Iranian officers in American naval schools

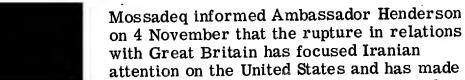
and accept payment in oil. Mossadeq said that the officers had been studying in Great Britain, but that the rupture in diplomatic relations and the lack of foreign exchange make it necessary to withdraw them.

The Ambassador warned Mossadeq that this method of payment might not be practical, and that there was also the question of available vacancies.

would appear to be Mossadeq's desire to get American aid in breaking the British-imposed oil blockade. Iran's lack of foreign exchange has, however, also forced a drastic curtailment in Iranian diplomatic activities and may have been in part responsible for the recent abandonment of a naval training program in Italy.

4. Prime Minister charges the United States with responsibility for Iran's fate:

25X1A



it even more responsible for Iran's fate. A passive attitude toward Iran at this time, Mossadeq insisted, would make the United States just as culpable for Iran's collapse as would frank hostility.

Comment: This is the most direct statement Mossadeq has yet made of his attitude toward the United States.

5. British Foreign Office wants immediate approach to Iraq on MEDO:

25X1A

Foreign Secretary Eden is expected to insist that Iraq be the first Arab state informally approached on participation in the Middle East Defense Organization.

The Foreign Office feels that the views of all the Arab states should be known before any decision is made on the next step.

The American Ambassador in London believes that after discussing the subject with Iraqi officials, Britain will agree with the United States that the first official approach should be made to Egypt.

Comment: American observers believe that Iraq would be unwilling to take the lead, and General Nagib has stated that he will not discuss the question until British troops have evacuated the Suez Canal zone. The British desire to approach Iraq first probably arises from a disinclination to negotiate with Egypt on this subject at this time. The British Government favors setting up the organization whether or not Arab support is forthcoming.

25X1A

WESTERN EUROPE

6. Embassy fears "serious incident" in French-American relations over labor union issues:

25X1A



The American Embassy in Paris warns that the growing antagonisms between French non-Communist labor leaders and American labor representatives in Europe might

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create a serious incident in French-American relations.

The French accuse the Mutual Security Agency, as well as its labor advisers, of complicity in recent "attacks" by CIO representative Victor Reuther on the majority leaders of the Socialist and Catholic federations.

AF of L representative Irving Brown has also aroused resentment by his "outspoken recommendations" on French policy questions.